

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6284

BILL NUMBER: HB 1072

DATE PREPARED: Nov 14, 1998

BILL AMENDED:

SUBJECT: Property tax deductions for disabled veterans.

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill allows a disabled veteran to qualify for certain property tax deductions if the veteran's disability is evidenced by: (1) a pension certificate, an award of compensation, or a disability compensation check issued by the United States Department of Veterans Affairs; or (2) a certificate of eligibility issued by the Indiana Department of Veterans' Affairs after the Indiana Department of Veterans' Affairs has determined that the veteran's disability qualifies the veteran to receive a deduction.

(Current law does not allow a veteran's disability to be evidenced by a certificate of eligibility issued by the Indiana Department of Veterans' Affairs.)

(The introduced version of this bill was prepared by the Military and Veterans Affairs Commission.)

Effective Date: March 1, 1999 (retroactive); March 1, 2001.

Explanation of State Expenditures: This proposal would allow the Indiana Department of Veterans' Affairs (IDVA) to certify that a veteran is eligible for the property tax deductions available for partially disabled veterans and disabled veterans. Currently, the veteran's disability must be evidenced by the United States Veteran's Administration. This additional duty would be performed by IDVA's existing staff.

Explanation of State Revenues: The State levies a one cent tax rate for State Fair and State Forestry. Any reduction in the assessed value base will reduce the property tax revenue for these two funds.

Explanation of Local Expenditures:

Explanation of Local Revenues: This proposal would allow the IDVA to process the deduction certifications for veterans whose VA paperwork is not yet complete and would speed up the process. It could also allow some veterans who do not currently qualify for the disabled and partially disabled veterans tax

deductions to receive them via the IDVA certification. The number and dollar value of any additional deductions is unknown and depends on the number of veterans who successfully apply with the IDVA.

The partially disabled veterans deduction is \$4,000 assessed value (AV) and is granted to veterans who were honorably discharged and received at least a 10% service connected disability.

The disabled veterans deduction is \$2,000 AV and is granted to veterans who were honorably discharged and who are totally disabled or are at least 62 years old with at least a 10% disability. The assessed value of the property may not exceed \$18,000.

In 1998, the total amount of AV deducted for all veterans deductions was \$141.6 million; a decline from \$142.7 million in 1997 and \$144.4 million in 1996. For illustration purposes, if this bill would cause an additional 10% in veterans deductions, the additional deduction would be \$14 million AV. Additional deductions reduce the assessed value tax base. This causes a shift of the property tax burden from the taxpayers receiving the deductions to all taxpayers in the form of an increased tax rate. A \$14 million reduction in assessed value would cause a \$0.0026 increase in the statewide average gross tax rate. Total local revenues, except for cumulative funds, would remain unchanged. Cumulative fund revenue would be reduced by the product of the fund rate multiplied by the deduction amount applicable to that fund.

State Agencies Affected: Indiana Department of Veteran's Affairs.

Local Agencies Affected: All local units.

Information Sources: Local Government Database.